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CENTRAL INTELLIGENCE BULLETIN

CURRENT INTELLIGENCE RELATING TO NATIONAL SECURITY

State Dept. review completed

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India: The Indian leadership is working for a quick decision on the Shastri succession, but the lack of an obvious choice might lead to a bitter contest.

The Congress Party's top executive committee is scheduled to meet today with other leading party members in an effort to decide upon a new prime minister. Prominent candidates are Defense Minister Y. B. Chavan, former finance minister Morarji Desai, and interim Prime Minister Nanda. Nehru's daughter, Indira Gandhi, could emerge as a compromise candidate, however.

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Most leaders seem eager to avoid a public contest. If the Congress Party's inner circles cannot reach a speedy consensus, however, the issue might be heatedly debated during an open meeting of the party's 540 parliamentary members who make the formal decision.

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Pakistan: Government efforts to portray the Tashkent declaration as a step toward eventual resolution of the Kashmir dispute have done little to alter adverse public reaction to the agreement.

Information Secretary Gauhar briefed newsmen on 11 January. He claimed that one of the most important results at Tashkent had been Pakistani success in obtaining Moscow's assurance that henceforth the USSR would take an objective approach to Kashmir resolutions before the UN. Gauhar contrasted this with the previous pro-Indian record of Soviet spokesmen during UN debates.

Gauhar also noted that the UN cease-fire resolution of last September provided that troop withdrawal --to be implemented by 25 February, according to the Tashkent declaration--would pave the way for bilateral discussions on basic Indo-Pakistani problems, for example, Kashmir.

The government's previous attempts to portray the fighting last autumn as a victory for Pakistan now complicate the job of winning acceptance for the results of the recent summit meeting. The Pakistani press, subject to considerable governmental control, has generally accepted the Tashkent declaration. Public reaction, however, has been almost completely adverse. The business community's disappointment is tempered by a feeling of relief that trade now may return to normal.

Student demonstrations against President Ayub and the Tashkent declaration have led to violence in Lahore, but the security forces appear to have the situation under control. More serious for Ayub may be the possible disillusionment within the junior officer ranks of the military over his handling of the Kashmir issue.

Indonesia: Neither side in the army-Sukarno struggle seems able to impose its will on the other, and tensions appear to be growing as the impasse drags on.

Army leaders, who seem uncertain of how to proceed, have been sponsoring a series of student demonstrations protesting soaring prices and the Sukarno-dominated cabinet's general economic policy. This appears to be an army effort to provide an outlet for the growing frustration of its civilian supporters. The demonstrators have come increasingly close to attacking Sukarno directly.

The President, who has recently shown signs of increasing confidence, is reported to be deeply angered by the rallies and has ordered the army to end them.

The military leadership still hopes to blame Sukarno and his civilian advisers for Indonesia's economic troubles, but it faces wide-ranging problems in other spheres. Lack of discipline has been plaguing the army command in Djakarta and in other areas. The army-dominated Supreme Operations Command apparently has proved a less effective counterweight to the cabinet than had first been expected. There are also signs of incipient rivalries between Moslem and Christian anti-Communist political groups.

In these confused circumstances, rumors are again current that Sukarno may soon announce his long-awaited "political solution" to the four-month-old crisis. Although there is no clear sign that such a "solution" is imminent, suspicions that the President may ban all political parties have increased fears among moderate politicians that the army might "sell them out" in a compromise with Sukarno.

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Common Market: The special 17-18 January meeting of the EEC Council in Luxembourg may lead to a resumption of intensive negotiations, but the possibility of a real settlement of the basic issues remains in doubt.

None of the Five seems to have any clear idea of what the French intend to propose regarding either majority voting within the council or the future role of the EEC Commission. Recent references to a fourmonth period for settling various issues suggest that Paris may intend to try to pull together many outstanding problems which could then be negotiated as a package.

If the French appear conciliatory, the Five are likely to be willing to talk about a formula which would give the French some satisfaction on majority voting. Officials of all the Five have stated or implied, however, that any such formula would be exceedingly difficult to negotiate. The Five are not expected in any case to accept treaty amendments, and they will be inclined, if the French position leaves little prospect for early agreement, to consider how they could proceed with community business without the French. /

The French could also try to reopen the whole question of Europe's organization. According to a French commission official, a cabinet-level group in the French Government is thinking in terms of an earlier scheme for an intergovernmental body over and above the existing community institutions.

The announcement at this time of De Gaulle's visit to Moscow later this year and the report which has reached Brussels that Paris will seek some understanding with the British on nuclear issues--including the denial of any German role--are probably also intended in part to keep the Five off balance.

NOTES

Rhodesia - Commonwealth Conference: Prime Minister Wilson managed to gain a considerable amount of Commonwealth support at the Lagos conference. The final communiqué stated that a second conference would be held in July if Britain had not toppled the Rhodesian regime by that time. Some members reserved the right to call for further UN action sooner, but even a tentative agreement to wait as late as July for the fall of the Smith government is a considerable concession by the African representatives.)

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 13 January 1966 approved the following national intelligence estimate:

NIE 12.4-66, "The Outlook for East Germany"

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